



Review of MRTU Structured Market Simulations

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The Department of Market Monitoring (DMM) has issued two reports on MRTU market simulations.

DMM October Report

- Reviewed market simulation results for September 2008
- Identified five areas warranting further review
 - Extreme real-time prices
 - Price divergence between day-ahead and real-time markets
 - Reliance on non-resource adequacy resources in RUC
 - Effectiveness of local market power mitigation
 - Failed real-time local market power mitigation procedures

DMM January Report

- Further analysis of the five issues identified in October Report
- Based primarily on structured market simulations (December 9-12)

The DMM January Report largely addressed the concerns identified in the DMM October Report.

Extreme real-time prices

- Less frequent compared to September – excluding December 12
- Recommended further analysis of some extreme prices

Price divergence between day-ahead and real-time

- Much better price convergence – compared to September

Reliance on non-resource adequacy resources in RUC

- Reliance declined significantly – compared to September
- RUC prices and awards to non-resource adequacy capacity were generally moderate
- No changes to RUC design warranted at this time

The DMM January Report largely addressed the concerns identified in the DMM October Report.

Effectiveness of local market power mitigation

- Mitigation working as intended and effective
- DMM will continue to test mitigation procedures

Failed real-time local market power mitigation procedures

- Failure rate in December remains at 5% level
- ISO should reduce failure rate and develop price correction procedures

MRTU markets performed reasonably well in structured market simulations.

- No performance issues that would warrant a delay in MRTU implementation
- Remaining issues and recommendations
 - Further in-depth analysis of some of the more extreme price outcomes – February 19 stakeholder meeting
 - ISO should closely track and mitigate the root cause of real-time local market power mitigation failures
 - ISO should develop price correction provisions for local market power mitigation failures